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ABSTRACT

A study was undertaken of the Basic Educational Opportunity Grant (BEOG) program to estimate the extent of errors made by participants and the impact of the errors on program expenditures. A sample of BEOG applicants was asked to verify the data provided on applications. Then their financial aid records and related institutional computations were examined for verification. Response rates were 87 percent for the student/parent interviews and 100 percent for institutional data. Although the amount of data available for each student varied considerably, efforts were made to verify information carefully. Key errors were found in these areas: (1) filing as dependent versus independent student; (2) net over-awards of 10.5 percent of program expenditures, and dollar award errors (under- and over-awards) of 22.5 percent of program expenditures; (3) significant random error, with only small amounts of fraud or abuse; and (4) institutional errors amounting to $169 million, with the highest error rate in proprietary schools and the lowest in private institutions. It is concluded that the general error level justifies a thorough reevaluation of the BEOG delivery system, since it appears to be a complex error-prone system. Actions for improvement are proposed for the student and institutional sectors. (MSE)

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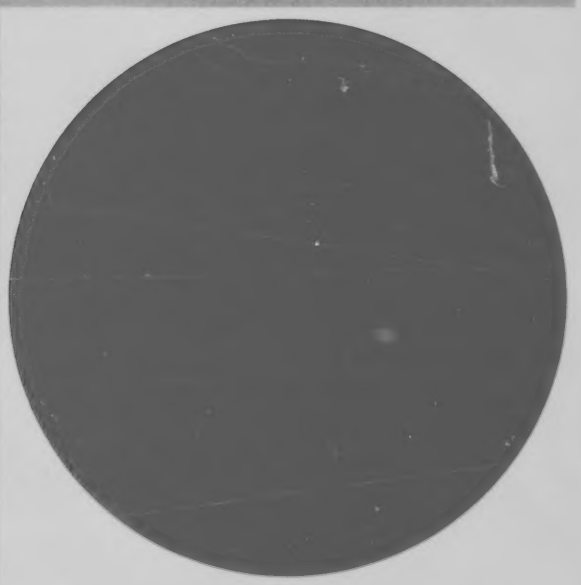

BEOG 2

Basic Educational Opportunity Grant Quality Control Study

BASIC EDUCATIONAL OPPORTUNITY GRANT QUALITY CONTROL STUDY:

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

1. BACKGROUND

The Basic Educational Opportunity Grant (BEOG) program, a student financial assistance program administered by the Bureau of Student Financial Assistance (BSFA) of the Office of Education (OE), is designed to provide a basic level of financial assistance to students attending participating postsecondary institutions in the United States. The awarding of Basic Grants is based solely upon the financial need of the student, taking into account his family's financial strength, his educational costs, his enrollment status, and educational objectives.

The Basic Grant program has grown phenomenally since its inception, from a FY 1973-74 award level of $49.8 million to an estimated $1.56 billion in the 1978-1979 award period. During this time, the number of recipients has grown from 0.2 million to 1.7 million, and, as a result of the Middle Income Student Assistance Act, predictions have been made that the Basic Grant program will provide grants of $2.5 billion for up to 2.7 million students in the current year (1979-1980).

To receive a grant under the BEOG program, a student must first obtain and complete an application and forward it to the BEOG application processor for determination of Basic Grant eligibility. Students may apply using the Federal Basic Grant Application, sending it directly to the application processor, or they may apply by completing any of several approved financial aid applications, from which the processors of those forms will extract Basic Grant information and transmit it to the application processor. The application data are edited and entered onto the transaction history file maintained by the application processor. If the application data pass a series of computerized edits, a student Eligibility Index (EI) is calculated, and, together with any errors requiring

correction and comments, is reported on the Student Eligiblity Report (SER) and forwarded to the applicant. If there are no errors, the applicant can then take the SER to the FAO at the institution he/she plans to attend for calculation of the award amount. For a sample of applicants, the FAO is required to have the student provide documentation verifying application data.

In a program the size of Basic Grants, it is vital that measures be taken to ensure its efficiency, integrity, and equity. To that end, BSFA has initiated several activities. They include:

- Tightened Edits Of Applicant Data--As part of the processing procedure, all applications are subject to standard system edits and range checks to identify obviously inconsistent or inaccurate information.

- Pre-Award Validation--Financial aid officers have been required to verify financial information for a preselected sample of eligible applicants prior to disbursing Basic Grant funds. Applicants are selected primarily on the basis of preestablished criteria designed to identify applications having a high probability of containing incorrect information on critical items.

- Data Matches With SSA And VA--Routine data matches were implemented with the Social Security Administration (SSA) and Veterans Administration (VA) in the 1979-80 processing year. These matches compare data from Social Security and Veterans Administrations with applicant information.

- Program Reviews--The Bureau of Student Financial Aid's program reviews are designed to: (1) determine if the institution being reviewed has operated the financial aid programs properly and (2) determine, disseminate, and make recommendations regarding good institutional management practices.

- Audit Requirements--In order to strengthen the institutional accountability of Federal funds, regulations require institutions to have non-Federal audits at least every two years.

- Simplified Form--The Office of Education plans to adopt, beginning with the 1980-81 award period, a common form on which students may apply for a Basic Grant and for aid under the three campus-based programs.

Although data are not yet available, BSFA believes that there are some indications that these actions have contributed to improving the accuracy of application data.

Various analytical studies are also being conducted. They include:

- An analysis of preaward validation, edits, and corrections
- The IRS-BEOG tape match analysis
- The development of a profile of students rejected by the system who do not reenter it

In addition, a quality control study of the program was conducted; it is the subject of this summary.

2. THE BASIC EDUCATIONAL OPPORTUNITY GRANT QUALITY CONTROL STUDY

The Division of Quality Assurance engaged Westat, Inc., and Macro Systems, Inc., to conduct a study of the Basic Grant program designed to estimate the extent of errors being made by Basic Grant program participants and the impact of these errors upon program expenditures. Specifically, the study examined three questions:

- What is the overall level of error in the program?
- What are the principal types of errors and what are the reasons for these errors?
- What management actions can be taken to reduce the level of error?

To address these objectives, a sample of BEOG recipients was asked to verify the data provided on their applications. Further, their financial aid records and related institutional computations were examined. The next few sections provide additional information on the study methodology.

(1) Sample Design

The sample was a two-stage cluster sample in which 225 institutions were selected in the first stage, and 2,309 BEOG recipients attending

these institutions were selected in the second stage.[1/] Two basic criteria were used in the sample design: (1) institutions were selected such that precise estimates of total error could be obtained by type of institution (i.e., two-year, four-year, and other); and (2) students were selected controlling for the level of grant amount[2/] so as to minimize the variance of the estimated total grant errors.

The universe from which the sample was drawn consisted of 1.37 million BEOG recipients as of October, 1978. While the study universe applies to over 80 percent of BEOG recipients in 1978-79, it excludes consideration of three groups:

- Applicants for BEOGs who were rejected by the application processing system and never "reentered" the system;
- Applicants who were determined to be eligible but were never given awards;
- Applicants who applied later in the award year (after October, 1978)

(2) Data Collection

Data collection was conducted between December, 1978 and May, 1979. For each sampled recipient, the following data sets were assembled and matched for analysis:

- Student Eligibility Report (SER) Transaction History--The complete SER transaction history was abstracted from the Basic Grant application system. These data include items from the original application and corrections, as well as indicators concerning edit status, multiple data entry, validation, and other factors.

1/ Fifteen institutions in the original sample had no recipients in 1978-79 and were dropped from the study.

2/ Students were selected so that the distribution of EIs in the sample reflected the distribution of EIs in each sample school. This was accomplished by sorting all recipients by the value of their EI and than sampling every "nth" recipient (after taking a random start).

- Personal Interviews With The Students And Their Parents--Personal interviews with both independent and dependent students and their parents were conducted to: (1) verify and document all application elements to the extent possible, (2) identify problems encountered in completing specific items on the BEOG application and the reasons for the problems, and (3) obtain information on the applicant's perceptions of the BEOG application process. Thus, personal interview data consist of both the results of the verification of the Basic Grant application and less reliable attitudinal data.

- Student Record Abstracts--Detailed abstracts of student data from the institutional files maintained by the Financial Aid Officer (FAO) were completed. These abstracts documented all information used by the FAO in determining each student's eligibility for a grant, the cost of education, full-time scheduled award, expected disbursement and actual and anticipated payments. Institutional award calculations and procedures were verified by each site reviewer for each student in the sample to identify institutional errors.

Response rates were quite high for the study: over 87 percent for the student/parent interviews and 100 percent for the institutional data collection. Therefore, nonresponse bias was not regarded as a significant problem.

(3) Limitations And Consideration

In assessing the student error analysis it should be noted that the amount of documentation collected varies considerably. For some elements, such as adjusted gross income, interviewers were able to obtain documentation in a high percentage of the cases (e.g., 88 percent for parents), while for other elements documentation was available in as little as 10 percent of the cases (e.g., casualty/theft losses). Twenty out of 28 data elements supplied by parents were over 50 percent documented, while 19 out of 34 data elements supplied by students were over 50 percent documented.

A second factor to consider is that many items in the Basic Grant application are not "documentable" in the sense that no standard, reliable document exists which provides the correct value for that item. In this

category can be placed all questions calling for the market value of assets, questions asking the applicants to project his/her relationship with the parent in a future year, and questions which are summaries of separate items (such as nontaxable income). Further, Basic Grant data elements are often undocumentable when the respondent does not receive a particular type of income or possess a particular type of asset. For example, most respondents cannot provide documents stating they do not have nontaxable income or that they do not own a business.

To overcome some of these problems, the study collected not only direct documentation, but also related documentation, i.e., documentation which reported values and/or characteristics which permitted a better evaluation of the respondent's answer. For example, property assessment and insurance statements were collected to evaluate the respondent's projected market value of the home. The accuracy of the verification interview was further enhanced by the fact that the applicant knew that his parents were to be interviewed separately, by the fact that additional requests for documentation were made (such as a request for official copy of the IRS 1040), and by the fact that the interviewer has been trained to probe in some depth and to use such data as was provided to full advantage in establishing an accurate profile of the applicant's financial situation. We believe that the data collection method has resulted in a more accurate database than has been available previously.

There are two other points which should be mentioned:

- The preponderance of the errors reported refers to errors in making initial award determinations. The extent to which institutions corrected or mitigated (or exacerbated) these errors during the period of the award is not known.

- The study did not include components to estimate error rates of the multiple data enterers or the application processors in processing the applications. As a result, those figures reported as "student errors" potentially include a component associated with the application processor's error.

In summary, the quality control study employs independent reviews of student data and institutional processes on a nationally representative sample of students and institutions. The analysis is done of the universe of recipients as of October, 1978, and principally deals with the effects of student and institutional errors on expected disbursements.

3. SUMMARY OF FINDING

This section summarizes key results of the analysis of student and institutional errors. First, a description of the extent of error in student dependency status and the implications of this type of error for the main analysis is presented. This is followed by a summary of total error and then by separate analyses of student and institutional errors.

(1) Filing Status

Applicants should have filed as dependent students if they indicated on their application that they: (1) were claimed (would be claimed) as an exemption by their parents; or (2) received (would receive) $600 or more from their parents; or (3) lived (would live) with their parents for two consecutive weeks or more in 1977, 1978, or 1979.

For 6 percent of the sample, the dependency status determined in the verification interview disagreed with the original dependency status of the applicant; most of the differences were for students who originally filed as independent, but were found to be dependent. Unfortunately, it was not possible to estimate the error associated with this misclassification because of limitations in the database,[3/] so the cases involved were deleted from further analysis. The deletion reduced the study universe by 70,800 students to 1.28 million.

3/ In particular, parents of independent students were not required to provide in the interview the data required of a parent of a dependent student. Parents of independent students were under no legal requirement to participate at all in the study.

(2) Overall Errors In Expected Disbursement

Expected disbursement errors (presented in Table A) for the study universe can be viewed from a budgetary viewpoint or a program management viewpoint:

- From a budgetary viewpoint, overawards offset underawards so that "net overawards" provide the best estimates of error impact. Using this measure, 55 percent of awards were found to be in error resulting in $116 million in net overawards. For the study universe, net overawards represented approximately 10.5 percent of program expenditures.

- From a program management viewpoint, students who receive overawards do not offset other students who receive underawards. The $116 million in net overawards comprised $182 million in overawards and $66 million in underawards for total dollar errors of $248 million. For the study universe, about 16.5 percent of program dollars funded overawards, while an additional 6 percent of program dollars should have been awarded, but was not. Total dollar errors approximated 22.5 percent of program expenditures.

Errors related to the Affidavit of Educational Purpose (AEP) have not been included in the above estimates, because they are correctable and the correction does not impact upon the award computation, i.e., the complete eradication of AEP error would probably result in little or no savings to the program. But, if AEP errors had been included, 60 percent of awards would be in error and net overawards would increase by about $100 million to $215 million, with $281 million in overpayments and $65 million in underpayments.[4/] Total dollar errors would be $346 million and the dollar error rate would be 31 percent.

It should be noted that the preceding estimates project the expected amount of error based on initial determinations and do not recount actual experience. Because there are generally many interactions between students

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4/ These "total" error estimates do not permit student errors and institutional errors to net out on an individual student basis. Table A also contains somewhat smaller estimates of total error which allow the counterbalancing effect.

TABLE A

TOTAL EXPECTED DISBURSEMENT ERRORS

	Total Absolute Errors			Net Overawards			Overawards			Underawards		
	Mean[1]	Percent in Error	Dollars[2]	Mean[1]	Percent in Error	Dollars[2]	Mean[3]	Percent in Error	Dollars[2]	Mean[3]	Percent in Error	Dollars[2]
Total Error												
. Absolute Student-Institution Error[4]												
- With AEP[5]	$270	59.3%	$345.9	$168	59.3%	$215.1	$531	41.2%	$280.6	-$281	18.1%	$65.3
- Without AEP	219	55.2	247.5	93	55.2	116.3	397	35.9	181.9	- 263	19.4	65.6
Institutional Error												
. With AEP	132	22.1	168.8	120	22.1	153.5	663	19.0	161.4	- 186	3.1	- 7.4
. Without AEP	55	15.7	70.4	43	15.7	55.0	404	12.1	62.7	- 166	3.6	- 7.7
Student Error	138	42.8	177.1	48	42.8	61.3	359	25.9	119.2	- 267	16.9	- 57.9

1/ Over entire population
2/ In millions
3/ Over those in error
4/ "Absolute student-institution" error computes each student's error by adding the absolute value of student error to the absolute value of institutional error for that student, while net student-institution error adds the two quantities taking signs into account.
5/ Affidavit of Educational Purpose

and institutions during the year, there are corresponding opportuntities to detect and correct errors (and to make new errors).

Of the $248 million in total dollar errors (excluding AEP), approximately 71 percent or $177 million can be attributed to students because of errors in their BEOG application. The remaining 29 percent or $71 million is attributed to institutions because of errors in making awards to ineligible students, or in computing the award for an eligible student. The next two sections will further analyze student and institutional errors.

(3) Student Discrepancies

This section analyzes the impact on expected disbursements of errors in applicant data. It is notable that while all distributions of students' errors were weighted toward discrepancies which tended to increase an applicant's grant, a very substantial portion of the applicants had discrepancies which decreased their grants. The high degree of symmetry suggests an error-prone process (which acts to produce errors in both directions) in which a significant portion of applicants are making essentially random errors, or errors slightly in their favor, while only a small number may be guilty of significant fraud or abuse.

Overall, 57.2 percent of the population had no discrepancies in expected disbursement, 25.9 percent had discrepancies indicating overawards, and 16.9 percent had discrepancies indicating underawards. The average overaward ($359) was higher than the average underaward ($267).

Translating these figures into total dollars awarded, approximately $177 million were incorrectly awarded, with approximately $119 million being overawarded and $58 million underawarded. The total net overaward was $61 million.

When student errors were analyzed by various categorizations, the following results emerged:

- Independent vs Dependent Students: Dependent students were more frequently in error than independent students, (74 percent versus 47 percent), but independent students tended to make errors that disproportionately favored overawards.

- Type of Applications: The average amount of total error did not differ significantly by type of application form used. When examined by the pattern of overawards and underawards, applicants using the Basic Grant form accounted for a disproportionate share of net overawards principally because they had the highest average overaward, the highest percentage of applicants with overawards, the lowest average underaward, and the lowest percentage of applicants with underawards of the three major types of applications.

- Type of School: Average absolute student error did not vary significantly by type of school. However, students in two-year colleges were more likely to make errors resulting in overawards than were students attending other types of schools.

- Control of School: Public and private school students had similar average levels of overawards and underawards and the ratio of overawards to underawards was also similar. Proprietary students contrasted greatly in that the ratio of overawards to underawards was much greater, so that their errors were more frequently resulted in overawards.

- Income Level: The proportion of applicants with discrepancies rose steadily from 20 percent for zero-income applicants to almost 80 percent for applicants with incomes exceeding $15,000. Not only did the proportion with discrepancies increase, but the average net overaward also generally increased as income level rose. The 17.4 percent of the population with incomes over $12,000 accounted for 26 percent of total dollars spent in error and 35 percent of total net overawards.

Because the impact of discrepancies in individual elements on the EI or expected disbursement cannot be determined by examining the discrepancy distributions, a procedure was developed to estimate EI errors associated with such discrepancies. To accomplish this, a single verification element was substituted into the EI calculation for the corresponding SER element, with the remaining elements set equal to those on the SER application history file. A new EI was calculated which differed from the original EI by only the amount that the error in the element substituted affected the EI. The process was carried one step further by computing a new expected disbursement based on the new EI, which, when compared with

the original expected disbursement, differed only by an amount which was attributable to the difference in the SER data element discrepancy being analyzed. This process was repeated for each student and the results summarized and weighted to produce estimates of the overall dollar impact of errors. The 10 SER elements resulting in the greatest dollar discrepancies are listed in Table B.

(4) Institutional Errors

Overall, total institutional errors resulted in $169 million in incorrect awards of which $161 million was overawarded and $8 million underawarded. The average overward ($663) was much higher than the average underaward ($186) and the percentage of overawards (19.0 percent) was much higher than the percentage of underawards (3.6 percent).

In considering these totals, it should be noted that a single eligibility criteria, the Affidavit of Educational Purpose (AEP), accounted for almost $100 million in overawards. The site review found that 7 percent of the sample did not have a valid AEP on file.

While the absence of a valid AEP is unquestionably an error, it differs from other types of errors in that it can be corrected and the correction will not affect the amount of the expected disbursement. Because of the dominating role of the AEP and the administrative nature of the error, summaries both including and excluding the AEP will be presented.

Thus, excluding the AEP, total institutional errors amounted to $71 million of which $63 million was overawarded and $8 million underawarded, for net overawards of $55 million. The average overaward ($404) was significantly higher than the average underaward ($166); four out of five errors were overawards.

Institutional Errors by Type and Control

Sixteen percent of the BEOG recipients had errors (excluding AEP) in expected disbursement due to the institution's procedures. When divided by type of institution, other-than-four-or-two-year institutions had the highest error rate (19 percent) and four-year institutions the lowest (15 percent). When divided by control of institution, proprietary institutions had the highest error rate (21 percent) and private institutions the lowest (10 percent).

Type of Errors

As shown in Table C, two-thirds of incorrect institutional award dollars (excluding AEP) were attributable to computational/procedural errors, amounting to $47 million in total dollar error. Computational/procedural errors resulted in overawards three times as often as underawards and the average overaward was larger than the average underaward.

Eligibility errors other than AEP are estimated to occur infrequently, in only about 1.5 percent of the population. Eligibility errors because a student was not making satisfactory progress[5/] were most common, followed by situations where a student dropped below half-time (including dropping out entirely), followed by a number of situations which were detected very infrequently. Nonetheless, because eligibility errors have the effect of making the entire expected disbursement erroneous, the average overaward associated with eligibility errors was quite large--over $1,000. In terms of total dollar errors, this relatively small group of students was associated with 34 percent of the errors, or $24 million.[6/] When AEP errors are included, about 8 percent of the students account for 73 percent of the total dollar error of institutions or about $122 million.

5/ This determination was based upon students' grade point average and published school policy. Unwritten policies which permitted students on probation to receive aid were not considered.

6/ Note that for eligibility errors, total overawards are equal to net overawards and to total dollar errors.

TABLE B

DISCREPANCIBS IN SER ELEMENTS WITH GREATEST IMPACT ON DISBURSEMENTS

Rank	Element
1	1977 Nontaxable Income
2	1977 Adusted Gross Income
3	Home Value
4	Household Size
5	Number in Postsecondary Education
6	1977 Income Taxes Paid
7	Home Debt
8	Cash, Savings
9	Investments, Real Estate Value
10	Dependent Student's Other Resources

TABLE C

DECOMPOSITION OF INSTITUTIONAL ERRORS BY TYPE OF ERROR

	Absolute Errors			Net Errors			Overawards			Underawards		
	Mean[1]	Percent in Error	Dollars[2]	Mean[1]	Percent in Error	Dollars[2]	Mean[3]	Percent in Error	Dollars[2]	Mean[3]	Percent in Error	Dollars[2]
Calculation/Process	$ 36	14.4%	$ 46.7	$ 24	14.2%	$ 31.0	$ 287	10.6%	$ 39.0	$166	3.6%	-$7.7
Eligibility, Except AEP[4]	18	1.5	23.7	19	1.5	23.7	1,232	1.5	23.7	0	0	0
All Errors Except AEP	55	15.7	70.4	43	15.7	55.0	404	12.1	62.7	- 166	3.6	- 7.7
AEP	78	7.0	98.4	78	7.0	98.5	1,111	7.0	98.7	-	.5	+ 0.3[5]
All Errors	132	22.1	168.8	120	22.1	153.5	663	19.0	161.4	- 186	3.1	- 7.4

1/ Over entire population
2/ In millions
3/ Over those in error
4/ Affidavit of Educational Purpose
5/ This represents underawards which became overawards after AEP criterion was applied.

It is difficult to subdivide computational/procedural error because the FAO's computational process is something of a "black box," i.e., the detailed steps of the award computation are not recorded systematically. The exception to this rule was that an analysis of the impact of errors in determining the cost of education could be conducted, because the value used by the FAO was recorded on the SER.

Forty-two percent of cost-of-education determinations are estimated to be erroneous; 25 percent of the determinations are overestimates and 18 percent were underestimates. The average error was a $33 overestimate. Nonetheless, the effect of cost-of-education errors was found to be negligible, accounting in the aggregate for less than 1 percent of net overaward dollars associated with computational/procedural errors.[7/] Since many institutions have costs of education which far exceeded $3,200 per year (the maximum line when entering the payment schedule), FAOs apparently did not bother with the detailed cost estimate since it did not affect the award. Thus, computational/procedural errors are almost entirely associated with other aspects of the institutional award computation.[8/]

4. PRINCIPAL CONCLUSIONS AND RECOMMENDATIONS

The general level of error described in the previous sections provides compelling reasons for a thorough reevaluation of the Basic Grant delivery system. The data indicates not so much that a significant amount of fraud or abuse is present in the system, as it supports the hypothesis that the Basic Grant program is a complex error-prone process frequently resulting in both overawards and underawards.

7/ Total institutional error is arrived at by holding the student characteristic (the EI) constant and examining the impact of differences between site review determinations and the institution's original determinations. For the cost-of-education impact analysis, the student EI was again held constant, but this time only site review determinations were used, except for the cost of education.

8/ E.g., using the correct enrollment status, using the Payment Schedule correctly, prorating the award if the program was less than eight months or if it spanned award years or if it was longer than 12 months or if it was less than a full academic year.

In developing recommendations for reducing error in the Basic Grant program, we have focused primarily upon changes within the context of the current delivery system. Larger issues concerning basic delivery strategies, roles, and the basis upon which money is allocated could have been considered, but the complexity of the issues involved in contrast with the resources available precluded meaningful efforts in that direction.

The prinicipal recommendations will be summarized in terms of student sector actions, institutional sector actions, and other actions.

(1) Student Sector Actions

We do not believe that merely simplifying the student application will of itself significantly reduce error rates, because the way in which students complete applications is highly error-prone.

Applicants frequently use estimates in completing the application.

[illegible]

BSFA should strengthen its technical assistance activities to students at the application stage. It should consider telephone assistance programs, and models of assistance which seek out applicants and structure the completion of the applications. Additionally, materials should be developed which support the primary advisors--FAOs and high school counselors--in giving advice on the application.

Technical assistance is not currently oriented to the initial application stage. Further, it is entirely responsive, depending upon the student to seek help. Outreach services such as application seminars or fee-for-service assistance activities should be investigated.

In addition to providing more assistance to applicants, errors could be reduced if less information were required and if it were required in a clearer fashion. Because the amount of information required is bound up in the equitable distribution of funds, we did not consider significant changes in this area, although it offers the greatest possibilities for simplifying the application. Concerning the clarity of the application, BSFA has pursued intensively initiatives in this regard.

A number of changes should be considered in the application and instructions. They include:

- Simplifying the application by eliminating casualty/theft losses, unusual medical expense offsets, data elements gathered for editing or statistical purposes, and data elements requiring predictions for future years
- Clarifying the instructions concerning Social Security educational benefits and Veterans educational benefits
- Minimizing the use of different reporting [illegible] the

[illegible]nd

(2) Institutional Sector Actions

Affidavits Of Educational Purpose

AEP errors were the single largest source of error found by the study. Nevertheless, these errors seem to be in large measure technical, and changes in the way AEPs are administered could significantly reduce them.

BSFA should reexamine the utility of the Affidavit of Educational Purpose and consider dropping or replacing it. If a statement like the AEP is retained, then BSFA should drop the notarization requirement and consider ways of centralizing its administration.

Satisfactory Academic Progress Policies

While a high proportion of schools have published policies, they fall short of providing an accurate basis on which to assess whether students were making satisfactory progress. Our recommendation is two-fold: to enhance the articulation of these policies and to develop certain minimum standards.

> The articulation of Satisfactory Academic Progress policies must be improved. These policies should indicate basic quality standards (e.g., grade point averages), basic quantity standards (if any) (e.g., completing nine of every 12 credits attempted), the method of determining status (e.g., by committee, by registrar), probation policy and whether a student on probation is considered to be making satisfactory progress for purposes of financial aid.
>
> BSFA should develop minimum standards for Satisfactory Academic Progress.

Refunds And Repayments

Our recommendations in this area are based not on the data we collected but rather, on the difficulities experienced in attempting to get information in this area.

> BSFA should launch a special quality control analysis of the administration of refund and repayment policies.
>
> Refund and repayment policies should be published and refund and repayment computations should be recorded on a common form and retained for OE review.

Cost Of Education

Although significant error levels were detected in costs, the impact of these errors was negligible.

BSFA should consider ways of simplifying the cost-of-education computation, such as using average costs instead of actual costs.

Services To Schools

There remains a basic level of error by institutions in determing and administering Basic Grants which does not appear amenable to "quick-fix" solutions. One strategy for dealing with the problem would be to provide much more comprehensive review of student awards or even to centralize the computation/disbursement procedures. While such a course of action might prove worthwhile, we have not pursued it because of the well-documented problems with the PIMS system which is similar in conception. Instead, we have concentrated upon actions which would raise the level of administrative expertise in the institutions.

BSFA should initiate a program of technical assistance to schools.

Current methods of assisting schools, such as training publications that respond to institutionally raised issues, do not provide the comprehensive and individualized attention needed by many of the institutions. The program review function, which does attempt to provide this type of assistance is also an enforcement function, so that institutions may be reluctant to disclose problems in that forum.

The first reference for most financial aid officers is the materials provided by BSFA. Several improvements in this area should be made:

BSFA should develop, publish, and periodically distribute an annotated bibiliography of all materials available for financial aid officers. The policy for distributing materials should be reviewed for comprehensiveness. Every effort should be made to integrate the developmental cycle for these materials with the student processing year. Finally, interpretive rulings, revisions of the manual, and other interim changes should be linked so that an up-to-date set of materials can be maintained and used easily.

(3) Other Actions

Validation

Assuming that validation itself is determined to be an effective method of detecting applicant errors, then BSFA should consider validating those items with the largest impact on error: adjusted gross income, nontaxable income, home equity, number in post-secondary education, and household size.

Other Error Detection Strategies

BSFA should develop a plan for comprehensive verification of recipient data based on a data-match strategy. BSFA should explore the legal barriers to data-match and, if appropriate, ask the Congress to remove legislative barriers to this program, especially with respect to IRS data-matches.

In the near term, BSFA should examine the various databases under its control for Basic Grant data-match purposes.

In the longer term, BSFA should consider developing a comprehensive, student-based system, spanning all BSFA programs.

An ongoing quality control system should be instituted for most subsystems of the Basic Grant program.